

Message Text

CONFIDENTIAL

PAGE 01 ROME 07151 01 OF 02 031813Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 ACDA-07 CIAE-00 INR-07 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-07 FEAE-00

DODE-00 ERDA-05 AID-05 CEA-01 COME-00 EPG-02

FPC-01 H-01 INT-05 OMB-01 PM-04 USIA-06 SP-02

SS-15 STR-04 TRSE-00 PRS-01 PA-01 EURE-00 /121 W

-----031927Z 113205 /46

P R 031545Z MAY 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 4343

INFO AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGEN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USNATO BRUSSELS 3852

IAEA VIENNA 1814

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 1 OF 2 ROME 7151

EO 11652: GDS

TAGS: ENRG, PFOR, TECH, IT

SUBJ: ITALY AND U.S. NUCLEAR EXPORT POLICY

REFS: (A) GARDNER-NYE TELECON; (B) ROME 6505 NOTAL;

(C) ROME 6222 NOTAL

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 07151 01 OF 02 031813Z

SUMMARY: ITALIAN OFFICIAL AND UNOFFICIAL REACTION TO U.S.

NUCLEAR POLICY SET OUT BY PRESIDENT CARTER APRIL 7 POINTS

EVER MORE CLEARLY TO EVENTUAL POLICY DECISION IN FAVOR OF

CONTINUING ITALIAN PROGRAMS IN REPROCESSING, ENRICHMENT AND

FAST-BREEDER REACTOR (FBR). SERIOUSNESS OF U.S. NON-PROLI-

FERATION CONSIDERATIONS FULLY RECOGNIZED BUT OUTWEIGHED, IN

ITALIAN ANALYSIS, BY ECONOMIC AND POLITICAL CONSIDERATIONS

RELATING TO URANIUM SUPPLIES, EFFECTIVENESS OF INTERNATIONAL CONTROLS ON PROLIFERATION AND SOLIDARITY WITH OTHER EUROPEAN COUNTRIES. NEVERTHELESS, GOI IS RELUCTANT TO GIVE US AN ENTIRELY NEGATIVE RESPONSE WITHOUT FIRST CLARIFYING SEVERAL ASPECTS OF APRIL 7 POLICY. PARTICULARLY, GOI UNCERTAIN RE INTERPRETATION USG POLICY; E.G. SHOULD ITALY RENOUNCE OR DEFER FBR (AND ASSOCIATED REPROCESSING TECHNOLOGY) AND/OR TAKE SOME OTHER ACTION. ALSO, EXTENT AND FORM OF USG SUPPLY GUARANTEES, ETC. UNCLEAR. GOI CAUTION IS INDUCED BY GOI UNWILLINGNESS TO GO AGAINST U.S. AND SOME FEARS THAT U.S. WOULD RETALIATE AGAINST THOSE NOT FOLLOWING U.S. LEAD. WE BELIEVE THAT PRIME MINISTER ANDREOTTI CAN BE EXPECTED TO RAISE QUESTIONS AND CONCERNS RE U.S. NUCLEAR POLICY AT LONDON SUMMIT. GOI REPRESENTATIVES CAN BE EXPECTED TO RAISE ISSUE, PERHAPS IN CONJUNCTION WITH FRENCH OR WEST GERMANS, IN OTHER FORA AS WELL. EMBASSY SEEKS GUIDANCE ON RESPONDING TO ITALIAN ARGUMENTS AGAINST U.S. INITIATIVES. PARTICULARLY USEFUL WOULD BE RESPONSE THAT AMBASSADOR COULD USE IN IMPORTANT SPEECH ON ENERGY SCHEDULED FOR DELIVERY IN TURIN ON MAY 18. END SUMMARY.

1. OFFICIAL AND UNOFFICIAL ITALIAN REACTION TO PRESIDENT CARTER'S APRIL 7 STATEMENT ON PLUTONIUM TECHNOLOGY DOES NOT RPT NOT INDICATE THAT ITALY ACCEPTS U.S. THESIS THAT NON-PROLIFERATION CONCERNS OUTWEIGH PERCEIVED ADVANTAGES TO PLUTONIUM FBR AND LINKED REPROCESSING AND ENRICHMENT TECHNOLOGY. NEVERTHELESS, PUBLIC DECLARATIONS OF PROMINENT PUBLIC FIGURES HAVE REAFFIRMED THAT GOI DOES SHARE U.S. CONCERNS RE PROLIFERATION OF PLUTONIUM AND WEAPONS-GRADE NUCLEAR MATERIALS AND SUPPORT U.S. PROPOSALS FOR FURTHER STUDY OF THESE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 07151 01 OF 02 031813Z

QUESTIONS AND RELATED SUBJECTS. VIEWS OF FOREIGN MINISTER FORLANI, MINISTER OF INDUSTRY DONAT CATTIN AND CHAMBER OF DEPUTIES INDUSTRY COMMITTEE CHAIRMAN FORTUNA (WHOSE COMMITTEE HAS INFLUENTIAL ROLE IN SHAPING ITALIAN ENERGY POLICY) HAVE TENDED TO ECHO NEGATIVE JUDGEMENT ON U.S. INITIATIVE ALREADY EXPRESSED BY NUCLEAR INDUSTRY SECTOR, INCLUDING INFLUENTIAL QUASI-GOVERNMENTAL NATIONAL ELECTRICITY AUTHORITY-ENEL, NATIONAL HYDROCARBONS AUTHORITY-ENI (FUEL CYCLE RESPONSIBILITIES) AND NATIONAL NUCLEAR ENERGY COMMISSION-CNEN.

2. MAJOR FACTORS TO BE CONSIDERED BY ITALY IN FORMULATING COMPREHENSIVE RESPONSE TO U.S. INITIATIVES INCLUDE:
(A) URANIUM. ITALIAN POSITION DERIVES FROM ANALYSIS OF AVAILABILITY AND COST. ITALY HAS VERY LITTLE AND FEARS THAT WORLD SUPPLIES ARE SHARPLY LIMITED. CONCEDED THAT URANIUM SUPPLIERS ARE MORE RELIABLE THAN OIL SUPPLIERS, ITALY NON-THELESS WORRIES THAT FAILURE TO CONSERVE URANIUM COULD EVENTUALLY LEAD TO SHARPLY HIGHER PRICES AND FORMATION OF URANIUM SUPPLIER CARTEL. ITALY SEES SUBSTANTIAL ADVANTAGE TO

CLOSING FUEL CYCLE, IN FOREIGN EXCHANGE SAVINGS (REPROCESSING COULD BE PERFORMED IN ITALY, FOR INSTANCE) AS WELL AS IN MORE EFFICIENT AND ECONOMICAL USE OF FUELS. CNEN PRESIDENT CLEMENTAL HAS CLAIMED TO PRESS THAT ENERGY POTENTIAL OF PLUTONIUM UTILIZATION IS 70 TIMES THAT OF NATURAL URANIUM ALONE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ROME 07151 02 OF 02 031831Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 ACDA-07 CIAE-00 INR-07 L-03
NSAE-00 NSC-05 EB-07 NRC-05 OES-07 FEAE-00
DODE-00 ERDA-05 AID-05 CEA-01 COME-00 EPG-02
FPC-01 H-01 INT-05 OMB-01 PM-04 USIA-06 SP-02
SS-15 STR-04 TRSE-00 PRS-01 PA-01 EURE-00 /121 W
-----031928Z 113447 /46

P R 031545Z MAY 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 4344
INFO AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGEN
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION GENEVA
USNATO BRUSSELS 3853
IAEA VIENNA 1815
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 2 OF 2 ROME 7151

(B) NON-PROLIFERATION TREATY (NPT) AND CONTROLS. STATEMENTS INDICATE THAT GOI DISAGREES WITH PERCEIVED THRUST OF USG POLICY, I.E. THAT SINCE CONTROLS ON NUCLEAR MATERIALS CANNOT BE RELIED UPON TO LIMIT RISKS OF PLUTONIUM TECHNOLOGY, A MORATORIUM IS NECESSARY. ITALY ALSO SEES U.S. POLICY AS FORECLOSING BENEFITS IMPLIED IN NPT ART. IV. FURTHER, GOI WORRIES THAT U.S. POLICY

WILL DISCRIMINATE AMONG NUCLEAR WEAPONS STATES, NPT SIGNATORIES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 07151 02 OF 02 031831Z

AND EC COUNTRIES, AS WELL AS AMONG EC MEMBERS.
(C) COMMERCIAL. GOI VIEWS NUCLEAR ENERGY AND, BY EXTENSION, FBR AND RELATED TECHNOLOGIES AS VEHICLE FOR UPGRADING CAPABILITY OF ITALIAN INDUSTRY. USG POLICY SEEN AS THREATENING TO RELEGATE ITALY TO POSITION OF PERMANENT TECHNOLOGICAL INFERIORITY IN NUCLEAR SECTOR. GOI (AND INDUSTRY GENERALLY) VIEWS THIS POSSIBILITY AS INTOLERABLE IN VIEW OF ITALIAN POSITION IN ENRICHMENT AREA (WITH FRANCE AND FRG IN EURODIF), FBR (SUPER-PHOENIX PROGRAM) AND EXISTING ITALIAN PILOT FUEL-REPROCESSING PLANTS. WIDELY CARRIED IN PRESS IS SPECULATION (ECHOED ALSO BY OFFICIAL SOURCES) THAT U.S. POLICY IS REALLY DESIGNED TO PROTECT U.S. NUCLEAR EQUIPMENT MANUFACTURERS, SEEN AS BEING 7-10 YEARS BEHIND EUROPEAN TECHNOLOGY IN FBR AREA.
(D) EUROPEAN SOLIDARITY. GOI WILL VERY CAREFULLY STUDY RESPONSE BY FRANCE AND FRG, PARTICULARLY FORMER WITH WHICH ITALY HAS LONG AND CLOSE RELATIONS IN ENERGY MATTERS. APPEALS TO EUROPEAN SOLIDARITY HAVE GENERALLY MET A FAVORABLE ITALIAN RESPONSE IRRESPECTIVE OF WHETHER OR NOT ITALY BENEFITTED; ITALY IS UNLIKELY TO RISK FRENCH AND GERMAN DISAPPROVAL WITHOUT STRONG INDUCEMENT TO DO SO.

3. DESPITE DOMESTIC AND, WE PRESUME, FOREIGN PRESSURES TO REJECT U.S. CALL FOR MORATORIUM OR DEFERRAL OF FBR/REPROCESSING PROGRAMS, GOI HAS THUS FAR DECLINED TO TAKE AN EXPLICIT POSITION ONE WAY OR THE OTHER. IN PART, GOI WISHES TO AVOID ANTAGONIZING US. GOI ALSO MAY CONSIDER A RESPONSE PREMATURE IN VIEW OF GENUINE UNCERTAINTY RE INTERPRETATION OF SIGNIFICANCE OF USG POLICY FOR ITALY. GOI IS UNSURE WHAT USG WISHES ITALY TO DO, DESPITE U.S. PRESENTATIONS IN LONDON SUPPLIERS' GROUP, IAEA AND ELSEWHERE. PRIOR TO FORMULATING DEFINITE POSITION, GOI ALSO WISHES PRECISE INFORMATION ON U.S. SUPPLY COMMITMENTS, PARTICULARLY RE URANIUM. ITALIAN PROBLEM IS NATURAL URANIUM; BECAUSE OF ITALIAN EURODIF PARTICIPATION, ENRICHMENT CONTRACTS WITH USSR AND U.S. AND LOW LEVEL OF INSTALLED NUCLEAR CAPACITY, SUPPLY OF ENRICHMENT SERVICES NOT A PRESSING PROBLEM.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 07151 02 OF 02 031831Z

4. DESPITE OUR ANALYSIS THAT GOI STRONGLY LEANS TOWARD CONTINUING DEVELOPMENT OF FBR AND REPROCESSING CAPABILITY, GOI IS STILL WILLING TO HEAR US OUT. HOWEVER, IF WE ARE TO HAVE INFLUENCE, WE MUST ADDRESS GOI CONCERNS OUTLINE ABOVE

IN MORE DETAIL THAN EXISTING GUIDANCE PERMITS US TO DO. AS WELL, WE SHOULD BE PREPARED TO ADDRESS ITALIAN FEARS; PARTICULARLY, DEGREE TO WHICH WE WILL APPLY "STICK" AS WELL AS "CARROT." THESE CONCERNS MAY BE RAISED BY PM ANDREOTTI AT UPCOMING LONDON SUMMIT.

5. AMBASSADOR HAS SCHEDULED SPEECH ON ENERGY IN TURIN ON MAY 18. DEPARTMENT'S GUIDANCE WILL BE EXTREMELY HELPFUL IN PREPARING FOR THIS EFFORT.GARDNER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, EXPORTS, NUCLEAR ENERGY, GOVERNMENT REACTIONS, PUBLIC ATTITUDES, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME07151
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770155-0127
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770599/aaaadwhh.tel
Line Count: 233
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f2d1309b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 ROME 6505, 77 ROME 6222
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2654854
Secure: OPEN
Status: NATIVE
Subject: ITALY AND U.S. NUCLEAR EXPORT POLICY
TAGS: ENRG, PFOR, TECH, IT, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f2d1309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009